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MILK MARKET INFORMATION BULLETIN  
CHATTANOOGA, TENNESSEE MARKETING AREA  
May 1966

Volume 10

CURRENT SERIAL RECORDS

Number 10

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS  
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411  
J. B. McCroskey, Market Administrator

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FOUR REGIONAL HEARINGS SET FOR ALL  
FEDERAL MILK MARKETING ORDERS

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The U. S. Department of Agriculture has announced four regional public hearings, involving all 73 Federal Milk Orders, to be held in Denver, Colorado, June 6, St. Louis, Missouri, June 7, Washington, D. C., June 9, and Cleveland, Ohio, June 10. The Cleveland hearing will cover 18 markets including Chattanooga.

Consumer and Marketing Service officials said the hearings, as announced May 27, 1966, are being held at the request of dairy farmer cooperatives to consider the appropriate level of fluid milk (Class I) prices to dairy farmers under all 73 Federal Milk Orders during July through December 1966.

The representatives of dairy farmers said present or potential shortages of milk exist in their areas and in general throughout the nation and have asked for emergency action to avert these shortages.

The temporary fluid milk (Class I) prices which were set by USDA on April 10, to alleviate potential shortages in the milk order markets, are due to expire on June 30, except for a few markets with seasonal pricing, where the temporary price will still be effective through July. The amendment, effective April 10, 1966, to the Chattanooga Order expires June 30, 1966.

MARKET SUMMARY - MAY 1966

The Order MINIMUM uniform producer prices per cwt. f.o.b. pool plants for milk testing 3.5% are: Base Milk \$4.97, Excess Milk \$3.02. The butterfat differential is 8.0 cents for each one-tenth of one percent above or below 3.5%.

During May 73.5% of the total producer milk was priced in Class I at \$5.45 per cwt. with a butterfat differential of 8.2 cents and 26.5% priced in Class II at \$3.06 per cwt. with a butterfat differential of 7.3 cents. The daily average use of Gross Class I decreased 5.8% compared with April 1966 and increased 5.0% compared with May 1965.

The daily average producer deliveries was 669,259 pounds in May 1966, a decrease of 16,898 pounds per day compared with April 1966 and an increase of 35,244 pounds compared with May 1965. Percentage-wise, May deliveries decreased 2.5% compared with April 1966 and increased 5.6% compared with May 1965. Base milk was 90.6% and excess milk was 9.4% of the total producer deliveries. All excess milk and 18.9% of base milk was priced in Class II at \$3.06 per cwt. and 81.1% of base milk was priced in Class I at \$5.45 per cwt.

LABORATORY ACTIVITIES - Producer Fresh Milk Tests 5,448 - Handler Products 237. During May an average of 8.4 samples per producer was used to determine butterfat content and pay test. Other samples were used by the plants and various agencies to determine water, bacteria, solids-not-fat, antibiotics, etc.

## COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	% May '66 Over May '65	May 1966	Apr. 1966	May 1965
Number of Plants (Pool and Non-Pool)		11	11	12
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk - Base	+ 8.4	606,628	617,814	559,591
- Excess	- 15.8	62,631	68,343	74,424
- Total	+ 5.6	669,259	686,157	634,015
Other Source	- 14.4	17,211	20,215	20,102
Other Federal Orders	- 39.8	23,350	20,501	38,806
Total Milk Receipts	+ 2.4	709,820	726,873	692,923
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>				
Class I Uses:				
Fluid Milk	+ 1.2	398,931	426,967	394,027
Fluid Skim	+ 29.2	26,516	29,116	20,522
Buttermilk	+ 0.6	42,892	46,052	42,650
Flavored Milk and Drink	+ 15.8	13,945	14,064	12,044
Fluid Cream (Sweet and Sour)	+ 19.9	3,563	3,230	2,971
Other (Shrinkage, Inventory, etc.)		5,424	1,850	1,351
Transfers to Non-Pool Plants		6,996	7,551	931
Total Class I Milk	+ 5.0	498,267	528,830	474,496
Class II Uses:				
Ice Cream Mixes		43,119	46,553	47,243
Cottage Cheese		32,757	31,883	20,242
Powdered and Condensed Milk		61,564	86,332	74,715
Livestock Feed and Skim Dumped		5,918	6,891	6,052
Shrinkage Class II		11,033	9,401	10,806
Other (Butter, Inventory, etc.)		4,922	(8,010)	3,277
Transfers to Non-Pool Plants		52,240	24,993	56,092
Total Class II Milk	- 3.1	211,553	198,043	218,427
Class I Pounds in Marketing Area	+ 1.8	297,301	315,464	291,978
Class I Pounds Outside Marketing Area	+ 10.1	200,966	213,366	182,518
% Producer Milk of Gross Class I		134.3	129.8	133.6
% Producer Milk priced in Class I		73.5	76.1	73.3

JUNE 1966 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

Per \$1090.51(a)	June '66	May '65	Apr. '66	June '65
Basic Formula Price	\$3.65	\$3.64	\$3.68	\$3.22
Plus Class I Differential	1.75	1.75	1.75	1.75
Supply-Demand Adjustment	0.02	0.00	0.02	0.04
Class I Price, 3.5% Butterfat	\$5.45 1/2	\$5.45 1/2	\$5.45	\$5.01
Supply-Demand Comparison: 1st and 2nd preceding months: April and May				
Supply: Lbs. Producer Milk (Apr. 20,584,717 and May 20,747,044)				41,331,761
Demand: Lbs. Net Class I Milk (Apr. 15,744,792 and May 15,326,214)				31,071,006
Utilization Percentage: Producer milk divided by Class I				133
Standard Utilization Percentage: Range 134-138				134
Net Deviation Percentage: Utilization minus Standard Utilization				Minus 1
Supply-Demand Adjustment: 2 cents x 1 percentage point				Plus \$0.02

Since the supply in relation to the demand is less than the desired standard, the price is increased 2 cents per hundredweight (2 cents x 1 percentage point).

1/ Order amendment provides - May and June Class I price shall not be less than April 1966 Class I price (\$5.45).



COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES  
AND WEIGHTED AVERAGE PRICE

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MAY 1966	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		15,446,284	3.606		
Less Other Source		193,127	2.426		
Producer Milk Class I	73.5	15,253,157	3.620542	\$5.548844	\$ 846,373.89
Gross Class II		6,558,131	4.468		
Less Other Source		1,064,244	2.442		
Producer Milk Class II	26.5	5,493,887	4.860639	4.053266	222,681.85
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	20,747,044	3.948924		\$1,069,055.74
Add Fractional Adjustment					.15
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		73,057			2,954.15
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,626.21
TOTAL VALUE AT TEST		20,820,101	3.941331	\$5.185548	\$1,079,636.25
Less Test over 3.5% @ 8.0¢ per point		20,820,101	.441331	.353065	73,508.49
TOTAL UTILIZATION VALUE AT 3.5%		20,820,101	3.5	\$4.832483	\$1,006,127.76
Less Reserve Per \$1090.71(f)		20,820,101		.042483	
WEIGHTED AVERAGE PRICE - 3.5% TEST		20,820,101	3.5	\$4.79	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		73,057	3.5	\$4.79	3,499.43
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		20,747,044	3.5		\$1,002,628.33
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,941,567	\$3.06	\$59,411.95	
Total Value of Excess Milk		1,941,567	3.06	59,411.95	
Less Prod.-Settlement Fund Reserve @ 4¢		1,941,567	.04		776.63
UNIFORM EXCESS PRICE - 3.5% TEST		1,941,567	\$3.02		\$ 58,635.32
Total Value of Base Milk		18,805,477	5.015647		943,216.38
Less Producer-Settlement Fund Reserve		18,805,477	.045647		8,584.14
UNIFORM BASE PRICE - 3.5% TEST		18,805,477	\$4.97		\$ 934,632.24

MAY 1966 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANT  
BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$4.57	\$2.62	4.0	\$5.37	\$3.42	5.0	\$6.17	\$4.22
3.05	4.61	2.66	4.05	5.41	3.46	5.05	6.21	4.26
3.1	4.65	2.70	4.1	5.45	3.50	5.1	6.25	4.30
3.15	4.69	2.74	4.15	5.49	3.54	5.15	6.29	4.34
3.2	4.73	2.78	4.2	5.53	3.58	5.2	6.33	4.38
3.25	4.77	2.82	4.25	5.57	3.62	5.25	6.37	4.42
3.3	4.81	2.86	4.3	5.61	3.66	5.3	6.41	4.46
3.35	4.85	2.90	4.35	5.65	3.70	5.35	6.45	4.50
3.4	4.89	2.94	4.4	5.69	3.74	5.4	6.49	4.54
3.45	4.93	2.98	4.45	5.73	3.78	5.45	6.53	4.58
3.5	4.97	3.02	4.5	5.77	3.82	5.5	6.57	4.62
3.55	5.01	3.06	4.55	5.81	3.86	5.55	6.61	4.66
3.6	5.05	3.10	4.6	5.85	3.90	5.6	6.65	4.70
3.65	5.09	3.14	4.65	5.89	3.94	5.65	6.69	4.74
3.7	5.13	3.18	4.7	5.93	3.98	5.7	6.73	4.78
3.75	5.17	3.22	4.75	5.97	4.02	5.75	6.77	4.82
3.8	5.21	3.26	4.8	6.01	4.06	5.8	6.81	4.86
3.85	5.25	3.30	4.85	6.05	4.10	5.85	6.85	4.90
3.9	5.29	3.34	4.9	6.09	4.14	5.9	6.89	4.94
3.95	5.33	3.38	4.95	6.13	4.18	5.95	6.93	4.98

## CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES <sup>1/</sup>				HANDLER CLASS PRICES <sup>1/</sup>			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
May '65	\$4.35 <sup>2/</sup>	\$4.57	\$2.64	7.4¢	\$4.98	7.7¢	\$2.68	6.8¢
June	4.34 <sup>2/</sup>	4.54	2.62	7.4	5.01	7.7	2.66	6.8
July	4.40 <sup>2/</sup>	4.62	2.62	7.4	4.95	7.7	2.66	6.8
Aug.	4.39	-	-	7.4	4.96	7.7	2.65	7.0
Sept.	4.58	-	-	7.8	4.82	7.9	3.30	7.2
Oct.	4.63	-	-	7.8	4.88	8.1	3.33	7.2
Nov.	4.85	-	-	8.0	5.09	8.2	3.35	7.3
Dec.	4.73	-	-	8.0	5.14	8.2	3.36	7.3
Jan. '66	4.82	-	-	7.8	5.22	8.2	3.22	6.8
Feb.	4.87	-	-	7.6	5.18	7.7	3.01	7.1
Mar.	4.89 <sup>2/</sup>	5.00	3.04	7.8	5.33	8.0	3.08	7.3
Apr.	4.85 <sup>2/</sup>	5.06	3.00	7.8	5.45	8.2	3.04	7.2
May	4.79 <sup>2/</sup>	4.97	3.02	8.0	5.45	8.2	3.06	7.3
June	-	-	-	-	5.45	8.3	-	-

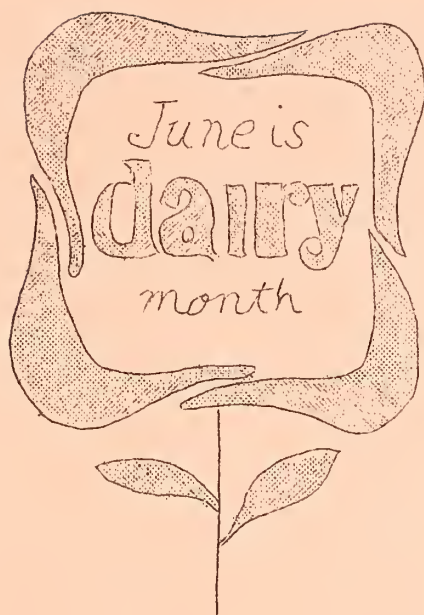
## PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
	4 Tenn.	Butter	4 Tenn.	Chi. 92°	Chi. Area	Minn.-Wisc.	
	Milk Mfg.	Powder	Milk Mfg.	Butter	Powder	Mfg. Grade Milk	
			\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
May '65	2.68	3.17	3.025	58.97	14.28	3.22	
June	2.66	3.17	3.000	58.97	14.21	3.20	
July	2.66	3.17	3.000	59.00	14.24	3.21	
Aug.	2.65	3.25	3.000	61.03	14.31	3.25	
Sept.	2.72	3.30	3.081	62.22	14.21	3.29	
Oct.	2.75	3.33	3.106	62.89	14.31	3.34	
Nov.	2.83	3.35	3.194	63.27	14.42	3.39	
Dec.	2.90	3.36	3.269	63.45	14.31	3.47	
Jan. '66	3.01	3.22	3.350	59.33	14.54	3.47	
Feb.	3.01	3.32	3.363	61.80	14.59	3.58	
Mar.	3.08	3.39	3.450	63.40	14.81	3.68	
Apr.	3.04	3.48	3.400	62.80	16.02	3.64	
May	3.06	3.55	3.425	63.54	16.70	3.65	

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA 3/				Deliveries Per			Prod. Milk Test
	No.	Total	Class I	Class I	Total	Base	No.	Farm-----Pounds			
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	
May '65	12	692,923	474,496	464,947	634,015	559,591	668	949	838	111	3.92
June	12	666,977	448,404	435,985	604,907	541,251	665	910	814	96	3.91
July	11	645,694	472,016	459,130	595,853	531,033	663	899	801	98	3.89
Aug.	11	656,906	474,674	463,031	611,907	-	661	926	-	-	3.87
Sept.	11	693,671	572,696	560,352	655,522	-	661	992	-	-	3.93
Oct.	11	673,905	561,613	553,950	646,998	-	660	980	-	-	4.14
Nov.	11	661,931	567,822	562,847	637,400	-	667	956	-	-	4.20
Dec.	11	660,110	507,814	502,279	635,256	-	666	954	-	-	4.23
Jan. '66	11	662,874	531,241	526,225	634,748	-	664	956	-	-	4.20
Feb.	11	648,797	546,032	534,700	616,699	-	663	930	-	-	4.22
Mar.	11	671,086	526,847	517,608	637,348	600,154	660	966	909	57	4.06
Apr.	11	726,873	528,830	522,390	686,157	617,814	653	1,051	946	105	3.93
May	11	709,820	498,267	492,037	669,259	606,628	646	1,036	939	97	3.95

<sup>1/</sup> Excludes Premiums<sup>2/</sup> Weighted Average Price<sup>3/</sup> Other Source is Gross minus Producer; Class II is receipts minus Class I



HOW PRODUCER MILK WAS USED 1,000 Lbs. Per Day					
May 1966			May 1965		
669	Class II	26.5%	634	Class II	26.7%
600	177,222 Pounds		600	169,068 Pounds	
500	Class I	73.5%	500	Class I	73.3%
400			400		
300			300		
200			200		
100			100		
0	492,037 Pounds		0	464,947 Pounds	

	NUMBER OF FARM PAYROLL ACCOUNTS												
	1965							1966					
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
New	3	0	2	3	9	2	19	3	1	1	2	2	1
Quit	2	3	4	5	9	3	12	4	3	2	5	9	8
Total	668	665	663	661	661	660	667	666	664	663	660	653	646

The following pool and non-pool plants filed a report and were subject to Federal Order No. 90 regulation for the period of May 1966:

#### Pool Plants

Chattanooga Area Milk Producers Association  
Grant-Patten Milk Co., Inc.  
Happy Valley Farms, Inc.  
Home Stores, Inc.  
Mayfield Dairy Farms, Inc.  
Ray Moss Farms, Inc.  
Paramount Dairies, Inc.  
Sealtest Foods

#### Location

Chattanooga, Tennessee  
Chattanooga, Tennessee  
Rossville, Georgia  
Sale Creek, Tennessee  
Athens, Tennessee  
Chattanooga, Tennessee  
Dalton, Georgia  
Chattanooga, Tennessee

#### Non-Pool Plants\*

Broadacre Dairies, Inc.  
Sealtest Foods  
Stoffell's Dairy, Inc.

Powell, Tennessee  
Knoxville, Tennessee  
Knoxville, Tennessee

\* Regulated pool plants under Knoxville Order No. 101



UNITED STATES DEPARTMENT OF AGRICULTURE  
Consumer and Marketing Service  
Dairy Division  
CHATTANOOGA, TENNESSEE MARKETING AREA  
Federal Order No. 90

DAIRY COUNCIL AND AMERICAN DAIRY ASSOCIATION DEDUCTIONS

The Market Administrator received a request dated June 1, 1966, quoted below, from Chattanooga Area Milk Producers Association that all producers supplying milk for the Chattanooga Marketing Area be given an opportunity to continue contributing to the American Dairy Association and Dairy Council.

"Whereas, A determination was made by the Market Administrator in June 1965 that there was no substantial opposition by milk producers to the making of deductions for the support of the Dairy Council and American Dairy Association in the Chattanooga area, and,

"Whereas, The Chattanooga Area Milk Producers Association, representing a substantial number of milk producers, continues to endorse and commend these programs, and,

"Whereas, The individual milk producer may, by written request, prevent the deductions if he does not desire to cooperate, and,

"Whereas, It is important that all Chattanooga dairymen be offered the opportunity to collectively continue supporting these educational, advertising, merchandising, research and public relations programs,

"Now, Therefore, Be It Resolved, That the Chattanooga Area Milk Producers Association request that the Market Administrator renew or continue the determination that there is no substantial opposition by the milk producers in the Chattanooga area to making deductions for the support of the Dairy Council and American Dairy Association.

"Be It Further Resolved, That if the Market Administrator renews or continues the determination referred to in the preceding paragraph, deductions of 1 cent per hundredweight for Dairy Council and 2 cents per hundredweight for American Dairy Association be continued until further action by the Board."

The Market Administrator has made a review of current producer deductions and the Associations' request. By these and other means, as in accordance with the Secretary's instructions, it is hereby determined there is no significant opposition by area milk producers to making deductions for the support of these programs.

It is now possible as a result of this determination for Chattanooga Area handlers to cooperate with American Dairy Association and Dairy Council programs by making specific hundredweight deductions (1¢ DC and 2¢ ADA) from payments to milk producers, provided the handler gives each producer advance notice of his intentions to make these deductions for one year beginning July 1966. The producer associations and all handlers are advised not to make a deduction if a producer writes requesting that no such deduction be made. My auditors will examine all letters which producers send handlers or the Association regarding these deductions. We will also verify that the proper agency receives all money deducted for its support from producer payments.

J. B. McCroskey  
Market Administrator

Date: June 1, 1966